INDEPENDENT TELEPHONE & TELECOMMUNICATIONS ALLIANCE

March 9, 2006

BY ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: CC Docket 01-92 -- Ex Parte Presentation

Dear Ms. Dortch:

On Wednesday, March 9, Mike Anderson of Iowa Telecom, Gordon Parker representing Matanuska Telephone Association, Bob Udell of Consolidated Communications, Jack Day, of SureWest Communications, Jay Driscoll of the Independent Telephone and Telecommunications Alliance and I, joined via telephone by Jeff Glover of CenturyTel, met to discuss phantom traffic with Ian Dillner, legal advisor to Chairman Martin. The carriers urged adoption of the Midsize Carrier Coalition's proposed rules governing phantom traffic. Specifically, the midsize carriers' December 5, 2005 filing in this docket was discussed, as well as revisions the midsize carriers proposed in a March 2, 2006 subsequent filing. The enclosed document, which was distributed at the meeting, reflects the discussions and position of ITTA and other members of the group.

Please direct any questions concerning this matter to me.

Very truly yours,

David Zesiger
Executive Director

Enclosure:
cc: Ian Dillner

Phantom Traffic

Presentation to

Federal Communications Commission

March 9, 2006

About Us

- ITTA is the voice of midsize carriers in Washington
- An alliance of midsize telephone companies serving over 5 million customers in 43 states
- ITTA companies are integrated providers offering a broad range of services to their customers
- ITTA member companies include: CenturyTel, Commonwealth, Comporium, Consolidated, FairPoint, Iowa Telecom, Matanuska, and TDS Telecom

Adopt the Midsize Carrier Proposal

- Midsize Carrier proposal is balanced and should not be further diluted
  - Dilution would render rules much less effective
  - Compromise proposal is the “bottom line”
  - Smaller rural carriers feel the rules do not go far enough
- Requires meaningful & efficient enforcement regime at FCC
  - Including both informal and formal avenues
  - Because of narrow tailoring, proposal would not involve FCC in resolving intrastate access disputes
    - No rate assignments, just the labeling requirements
- Small companies are capable of generating, reading & billing required information
  - NECA Tariff indicates 95% of RLECs equal access capable, indicating availability of necessary systems to identify traffic

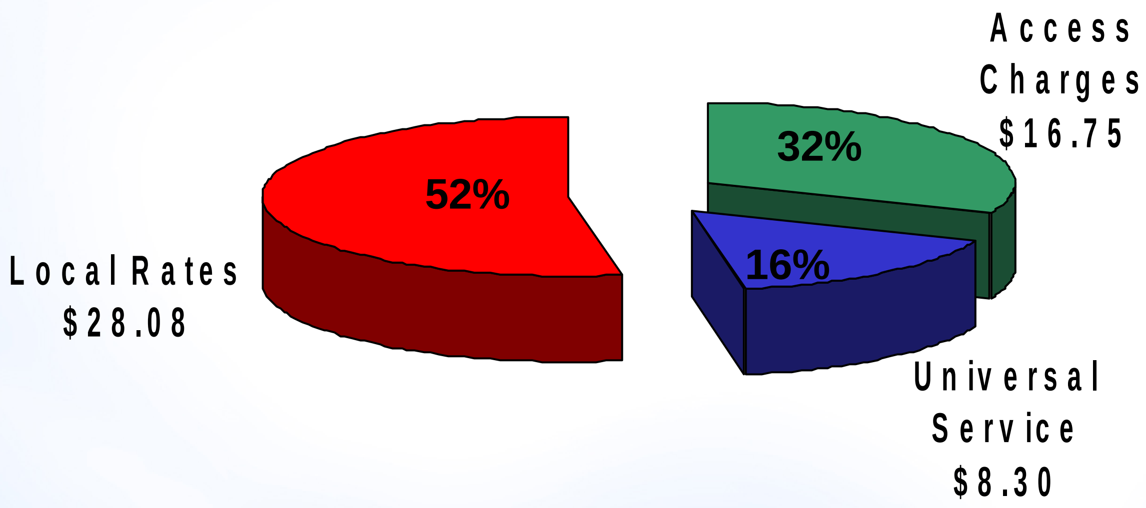
ITTA supports Midsize Carrier proposal

- December 5th, 2005, filing by six carriers
  - Comprehensive and balanced
  - Specific rules
  - Statement of jurisdictional basis
  - Avoids controversial policy issues or possible remedies (e.g. blocking)
  - Balanced approach to transiting carrier duties

- March 2nd ex parte revisions responded to Commission & industry concerns:
  - Modified enforcement process
    - Clarifies that enforcement provision does not expand the FCC's enforcement duties
    - Informal procedure is important because of high formal procedure costs
  - Modified technical infeasibility provision
    - Carriers can petition Commission on infeasibility while still giving industry notice a petition has been made
  - Clarified JIP provision
    - Technical infeasibility provision is allowed; JIP is not elevated above other measurement requirements

USF and ICC Keep Consumer Rates Affordable

Average cost of service/line/month in rural areas



(Total average per line per month cost: $53.13)

NECA 2001-2002 (Data from NECA Companies

Phantom Traffic Disrupts Revenues and Drives Up Costs

- Independent and rural carriers are not able to identify & bill for growing proportion of their network traffic
  - As much as 20% of all traffic today
- Federal Action is needed
  - Specific state efforts valuable, but national framework is required
  - Carrier-by-carrier recovery costs are expensive:
    - Specialized hardware, software and data storage needed
    - Outside experts and internal staff
    - Attorneys and litigation costs
- Complaints and judicial enforcement insufficient without clear, effective reporting
  - Court proceedings have recovered much revenue, but are costly, ad hoc, and do not provide deterrence

. . . Disrupts Revenues and Drives Up Costs

– Systematic non-payment:
  - masks network costs and distorts market decisions
  - inhibits efficient use of networks
  - risks network investment in new technologies

– Resolution is critical to midsize carriers:
  - Dependent on others for most transiting
  - Have limited bargaining ability
  - Consumer impact increasing

Most agree on problem

- Intentional or inadvertent stripping of carrier & location information that is essential to accurate routing & billing
  - Carriers lose significant revenue as result
    - Exact impacts vary among companies
    - Verizon estimated as much as 20% of traffic affected
    - For some smaller carriers percentage is estimated to be much higher
- Problem growing and becoming more complicated
  - New carriers and new kinds of carriers using PSTN

FCC Action is Required Now

- Consumers harmed if network users don't pay
  - Negative effect on investment
  - Delay is costing the industry millions each month
- Phantom traffic resolution a gating issue for intercarrier compensation
  - Solutions generally clear and agreed upon
  - Capturing lost revenue key to sizing and controlling transition requirements for ICC reform
  - Under almost any ICC regime, traffic reporting and enforcement will be required